

House of Representatives, April 8, 1998. The Committee on Judiciary reported through REP. LAWLOR, 99th DIST., Chairman of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING UNINSURED MOTORIST COVERAGE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (g) of section 38a-336  
2 of the general statutes is repealed and the  
3 following is substituted in lieu thereof:  
4 (g) (1) No insurance company doing business  
5 in this state may limit the time within which any  
6 suit may be brought against it or any demand for  
7 arbitration on a claim MAY be made on the  
8 uninsured or underinsured motorist provisions of  
9 an automobile liability insurance policy to a  
10 period of less than three years from the date of  
11 accident, provided, in the case of an underinsured  
12 motorist claim the insured may toll any applicable  
13 limitation period [(1)] (A) by notifying such  
14 insurer prior to the expiration of the applicable  
15 limitation period, in writing, of any claim which  
16 the insured may have for underinsured motorist  
17 benefits and [(2)] (B) by commencing suit or  
18 demanding arbitration under the terms of the  
19 policy not more than one hundred eighty days from  
20 the date of exhaustion of the limits of liability  
21 under all automobile bodily injury liability bonds  
22 or automobile insurance policies applicable at the

23 time of the accident by settlements or final  
24 judgments after any appeals.

25 (2) NOTWITHSTANDING THE PROVISIONS OF  
26 SUBDIVISION (1) OF THIS SUBSECTION, IN THE CASE OF  
27 AN UNINSURED MOTORIST CLAIM, IF THE MOTOR VEHICLE  
28 OF A TORTFEASOR IS AN UNINSURED MOTOR VEHICLE  
29 BECAUSE THE AUTOMOBILE LIABILITY INSURANCE COMPANY  
30 OF SUCH TORTFEASOR BECOMES INSOLVENT OR DENIES  
31 COVERAGE, NO INSURANCE COMPANY DOING BUSINESS IN  
32 THIS STATE MAY LIMIT THE TIME WITHIN WHICH ANY  
33 SUIT MAY BE BROUGHT AGAINST IT OR ANY DEMAND FOR  
34 ARBITRATION ON A CLAIM MAY BE MADE ON THE  
35 UNINSURED MOTORIST PROVISIONS OF AN AUTOMOBILE  
36 LIABILITY INSURANCE POLICY TO A PERIOD OF LESS  
37 THAN ONE YEAR FROM THE DATE OF RECEIPT BY THE  
38 INSURED OF WRITTEN NOTICE OF SUCH INSOLVENCY OF,  
39 OR DENIAL OF COVERAGE BY, SUCH AUTOMOBILE  
40 LIABILITY INSURANCE COMPANY.

41 Sec. 2. This act shall take effect October 1,  
42 1998, and shall be applicable to insurance  
43 policies issued or renewed on or after January 1,  
44 1999.

45 JUD COMMITTEE VOTE: YEA 37 NAY 0 JFS

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"THE FOLLOWING FISCAL IMPACT STATEMENT AND BILL ANALYSIS ARE PREPARED FOR THE BENEFIT OF MEMBERS OF THE GENERAL ASSEMBLY, SOLELY FOR PURPOSES OF INFORMATION, SUMMARIZATION AND EXPLANATION AND DO NOT REPRESENT THE INTENT OF THE GENERAL ASSEMBLY OR EITHER HOUSE THEREOF FOR ANY PURPOSE."

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FISCAL IMPACT STATEMENT - BILL NUMBER SHB 5581

.....L.....J.....M.....

STATE IMPACT	Workload Decrease, see explanation below
MUNICIPAL IMPACT	None
STATE AGENCY(S)	Department of Insurance, Judicial Department

EXPLANATION OF ESTIMATES:

The bill changes the time within which any lawsuit or petition for arbitration may be brought against an insurance company that denies coverage for uninsured motorist claims due to insolvency. The time is changed from three years to one year.

The number of motorists who become uninsured due to insolvent insurance companies is very small: according to the Insurance Department, over the past five or six years only one or two insurance companies licensed in Connecticut became insolvent. During the 1996-97 period, 216 uninsured motor vehicle offenses were recorded. An undetermined, yet small number of these cases is due to non-coverage because of insolvency.

The new minimum time limit to file suit or petition of arbitration set on this bill would result in a general decrease in the number of cases filed in court. This would result in savings to the court system.

Since the bill addresses private contractual rights, there will be no impact on the workload of the Department of Insurance.

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**OLR BILL ANALYSIS**

SHB 5581

**AN ACT CONCERNING UNINSURED MOTORIST COVERAGE**

**SUMMARY:** By law, insurance companies must give their policyholders at least three years from the accident date to begin a lawsuit or arbitration proceeding against them on the uninsured motorist provision of an automobile liability insurance policy. This bill requires insurance companies to also allow their insureds to bring such actions at least one year from the date they receive written notice that the person who caused the accident is uninsured either because his insurance company is insolvent or denied him coverage.

The bill applies to insurance policies issued or renewed after December 31, 1998.

EFFECTIVE DATE: October 1, 1998

**COMMITTEE ACTION**

Judiciary Committee

Joint Favorable Substitute  
Yea 37      Nay 0